



# Audit of Mobile Telecommunication Devices

Office of Audit and Ethics

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## Table of Contents

Executive Summary .....	3
1. Introduction .....	5
1.1. Background.....	5
1.2. Objectives and scope .....	5
1.3. Analysis of risks .....	6
1.4. Audit criteria.....	7
1.5. Approach and methodology .....	7
1.6. Statement of assurance .....	7
2. Observations and Recommendations.....	8
2.1. Management governance structures are in place to provide direction for the management of mobile telecommunication devices.....	8
2.1.1. Policies and directives .....	8
2.1.2. Roles and responsibilities .....	9
2.2. Processes and systems are in place to record, track and monitor the mobile telecommunication devices inventory.....	10
3. Conclusion.....	13
Appendix A – Mobile Telecommunication Devices Inventory .....	14
Appendix B – Detailed Audit Criteria .....	15
Appendix C – Overview of Audit Recommendations and Management Action Plans ...	16

# Executive Summary

## Background

The audit of mobile telecommunication devices was not included in the approved Risk-Based Audit Plan (RBAP) for 2011–12. This audit was requested by the President and the Chief Financial Officer and subsequently accepted by the Audit Committee. During the Audit, the responsibility for the Devices was transferred by the government to Shared Services Canada (SSC).

## Objective and scope

The objectives of the audit were to:

- determine whether adequate and effective asset management processes and controls are in place to maintain the integrity of the mobile telecommunication devices to meet Canadian Nuclear Safety Commission (CNSC) and Government of Canada requirements
- provide the President, Audit Committee and CNSC management with assurance that the mobile telecommunication devices inventory and records are complete and accurate

The scope of this audit included management practices in place as of March 1, 2012.

## Audit criteria

1. Management governance structures are in place to provide direction for the management of mobile telecommunication devices.
2. Processes and systems are in place to record, track, monitor and safeguard mobile telecommunication devices.

## Approach and methodology

The audit methodology included:

- interviews with managers and staff
- reviews of relevant CNSC and Government of Canada documents including legislation, regulation, policies, processes and procedures
- examination of the completeness and accuracy of the inventory of mobile telecommunication assets (the Office of Audit and Ethics (OAE) tested management's inventory count)

The OAE conducted the audit in accordance with the Internal Auditing Standards for the Government of Canada, as articulated in the Treasury Board *Policy on Internal Audit*.

## **Audit findings**

The audit found that the Information Management and Technology Directorate (IMTD) policies and directives and the practices of IMTD staff were sufficient to ensure the safeguard of CNSC mobile telecommunication devices. The audit, however, found some areas for improvement, specifically in the areas of communicating and monitoring of policy issues, segregation of duties, and reconciliation of IMTD records with physical assets and supplier records.

## **Conclusion**

The audit concludes that:

- the management processes and controls are adequate and effective and the inventory records are complete and accurate
- improvements in the process and systems needed for the implementation of the policy related to mobile telecommunication devices inventory are required, specifically in the areas of communicating and monitoring of policy issues

# **1. Introduction**

## **1.1. Background**

Mobile telecommunication devices are recognized by the Canadian Nuclear Safety Commission (CNSC) as valuable assets that are highly effective in contributing to the conduct of business and that need to be managed and used in a cost-effective, secure, safe and appropriate way.

An asset management system is an important, fundamental piece of the overall systems necessary to manage IT infrastructure. A good asset management system supports an organization in managing its inventory appropriately and effectively.

The audit of mobile telecommunication devices was not included in the approved Risk Based Audit Plan (RBAP) for 2011–12. This audit was requested by the President and the Chief Financial Officer and subsequently accepted by the Audit Committee.

## **1.2. Objectives and scope**

The objectives of the audit were to:

- determine whether adequate and effective asset management processes and controls are in place to maintain the integrity of the mobile telecommunication devices to meet CNSC and Government of Canada requirements
- provide the President, Audit Committee and CNSC management assurance that the mobile telecommunication devices inventory and records are complete and accurate

The scope of the audit included the following devices:

- wireless broadband modems
- BlackBerry devices
- cell phones
- calling cards
- tablets
- satellite phones

The scope also included management practices in place as of March 1, 2012. The audit focused on systems and practices used in the governance, management, control and oversight of mobile telecommunication devices. The audit team contacted all CNSC staff members to make their devices available for verification. The team checked the devices and compared the information to the list of devices provided by the Information

Management Technology Directorate (IMTD). For logistical reasons, the Office of Audit and Ethics (OAE) requested the manager of each of the regional offices and sites to undertake a physical count of the inventory in their respective area(s) and to attest to its accuracy.

### 1.3. Analysis of risks

#### Risk identification

As part of the planning phase for the audit, a risk assessment was conducted to identify potential areas of risk as well as areas for improvement. Planning consisted of a combination of interviews with key stakeholders and review of documentation relevant to the scope of the audit.

Based on the results of the planning phase, the OAE focused the audit where risks are highest and where the most value can be achieved from this audit.

Risk, as defined by the Institute of Internal Audit, is “the possibility of an event occurring that will have an impact on the achievement of objectives”. Risk is measured in terms of impact and likelihood.

#### Risk overview

The following table summarizes the highest risks for the mobile telecommunication devices as identified in the audit’s assessment:

Risk area	Risk description	Risk category
Governance of IT assets	<ul style="list-style-type: none"><li>• There is a risk that roles and responsibilities are neither documented nor clear.</li><li>• There is a risk of non-compliance with the related CNSC and Treasury Board policies.</li></ul>	<ul style="list-style-type: none"><li>• Operational risk</li><li>• Operational risk</li></ul>
Recording of assets	<ul style="list-style-type: none"><li>• There is a risk that an asset-tracking tool is not in place to track devices.</li><li>• There is a risk that records of assets are not protected.</li></ul>	<ul style="list-style-type: none"><li>• Financial risk</li><li>• Financial risk</li></ul>
Safeguarding of IT assets	<ul style="list-style-type: none"><li>• There is a risk that assets are not secured.</li></ul>	<ul style="list-style-type: none"><li>• Financial risk</li></ul>
Disposal/surplus of IT assets	<ul style="list-style-type: none"><li>• There is a risk that the disposal of mobile telecommunication devices is not performed in accordance with the related CNSC and Treasury Board policies.</li></ul>	<ul style="list-style-type: none"><li>• Reputational risk</li></ul>

## 1.4. Audit criteria

1. **Management governance structures are in place to provide direction for the management of mobile telecommunication devices.** The CNSC has a governance structure in place to ensure that mobile telecommunication devices are managed appropriately and that they comply with Government of Canada and CNSC policies.
2. **Processes and systems are in place to record, track, monitor and safeguard the mobile telecommunication devices.** The CNSC has processes in place to ensure the mobile telecommunication devices are recorded and tracked; the inventory list is updated when devices are purchased, deployed, replaced and disposed; and assets are safeguarded.

## 1.5. Approach and methodology

The audit methodology included:

- interviews with managers and staff
- reviews of relevant CNSC and Government of Canada documents including legislation, regulation, policies, processes and procedures
- examination of the completeness and accuracy of the inventory of mobile telecommunication assets (the OAE tested management's inventory count)

The OAE conducted the audit in accordance with the Internal Auditing Standards for the Government of Canada, as articulated in the Treasury Board *Policy on Internal Audit*.

## 1.6. Statement of assurance

Sufficient and appropriate audit procedures have been conducted and evidence has been gathered to support the accuracy of the findings and conclusions in this report and to provide an audit level of assurance. The findings and conclusions are based on a comparison of the conditions, as they existed at the time of the audit, against pre-established audit criteria that were agreed upon with management. The findings and conclusions apply only to the entity examined and the scope and time period covered by the audit.

## 2. Observations and Recommendations

### 2.1. Management governance structures are in place to provide direction for the management of mobile telecommunication devices.

#### 2.1.1. Policies and directives

The audit expected to find that the CNSC has a governance structure in place to ensure that mobile telecommunication devices are managed appropriately and comply with Government of Canada and CNSC policies. Policies, directives and procedures assist staff in meeting their day-to-day business needs and are designed to assist with compliance with legislative and other requirements. Clear policies and directives aid to mitigate the department risks and to communicate expectations of employees.

The audit team found that the CNSC has a policy entitled *Management of Information Technology Policy* (the Policy) as well as a *Mobile Communications Devices Directive* (the Directive) that are used for managing the CNSC's mobile telecommunication devices.

The Policy contains only a paragraph concerning the management of these devices. In the absence of detailed procedures or guidelines on this management, the audit expected to find a reference to the related policies and directives of the Treasury Board Secretariat. However, such reference was not found.

The audit found that the Directive is comprehensive in addressing the maintenance and usage of mobile telecommunication devices and the expected behaviour of employees in different situations. Moreover, the Directive discusses the anticipated risks with respect to use, loss and return of these assets. However, the Directive neither addresses the planning process for acquiring the devices nor the disposal process for them.

Further, the audit noted two areas in the Directive that are not being followed consistently:

1. Return of devices for employees on long-term leave
  2. Disposal of devices from executives
- 
1. The Directive states: "Employees who are on long-term leave from the CNSC should return their mobile device as they are not expected to be performing CNSC work-related duties while on leave." The OAE's testing of the mobile telecommunication devices revealed that three employees who were on long-term leave did not return their devices. Procedures for notification about the employees who are on long-term leave are not being adhered to or enforced. As

a result, IMTD is not being alerted about employee departures.

2. The Directive states: "BlackBerry devices that have been assigned to CNSC executives are destroyed when they are returned to the [Technical Support Centre] due to the nature of information that could be received via PIN to PIN". Audit interviews with IMTD staff members revealed that the CNSC's Directive requirements are not being consistently followed.

### ***Recommendation # 1***

The Director General of IMTD should conduct a review of the existing policies, directive and procedures regarding mobile telecommunication devices to ensure that planning, acquisition, disposal and management of these devices are clearly stated and communicated to CNSC staff. Furthermore, appropriate compliance measures should be put in place to ensure that CNSC staff comply with the Policy and Directive requirements of the CNSC.

### ***Management Response and Action Plan***

The *Mobile Communications Devices Directive* was implemented in May 2010 and reflects our current practices and procedures. We will add a sentence explicitly detailing our disposal cycle. This Directive has been communicated to the Technical Support Centre (TSC) and CNSC staff. As part of our ongoing communication and awareness agenda we will use *CSB & You* along with other fora to remind staff of their responsibilities.

#### **2.1.2. Roles and responsibilities**

The audit found that employees responsible for managing mobile telecommunication devices have understood and are aware of their roles and responsibilities. However, these roles and responsibilities are not documented.

The audit also found a lack of segregation of duties with respect to recording and maintaining inventory of mobile telecommunication devices. At the start of the audit, the OAE found that one employee was responsible for updating the database used as an inventory system. This employee was also responsible for managing devices including disposal. During the audit, the OAE was informed that another employee was assigned to be a backup. Both employees have the responsibilities listed above.

### ***Recommendation # 2***

The Director General of IMTD should explore the possibility of segregating the duties of recording and managing its mobile telecommunication devices.

### ***Management response and action plan***

Acquisition and disposal are currently actioned by different staff within IMTD. However, management and assignment are the responsibility of one staff member along with a backup to ensure continuity of service. These assets are validated at least once a year by another employee to ensure there are no issues. As a result of these mitigating measures, IMTD will continue its current practice. Management Committee will be informed of any issues that may arise.

## **2.2. Processes and systems are in place to record, track and monitor the mobile telecommunication devices inventory.**

The Treasury Board *Policy on Management of Materiel* requires that departments and agencies have a materiel management information system that enables the collection and generation of complete and accurate data on materiel asset holdings. In line with this policy, it was expected that IMTD would have a complete and accurate inventory of its mobile telecommunication devices holdings.

The audit found that the inventory records of devices assigned to employees are mostly accurate. However, the audit found that these records are not updated regularly. In some cases, after the employee returned his or her device to IMTD, the inventory records still indicated that the device was in the possession of the employee. Therefore, IMTD failed to reflect the appropriate status of the device. The audit notes that accurate records strengthen the accountability of the management and the monitoring of the devices.

The OAE found that IMTD does not have a process in place to:

- conduct a physical inventory count and compare the results of the inventory count to the information provided in the mobile telecommunication devices inventory database
- compare the information in the mobile telecommunication devices inventory database to the information outlined in the suppliers' invoices

This means there is a risk that the CNSC might be paying for services it does not use. An annual reconciliation to the service providers' invoices would provide some assurance to IMTD that its records are complete and accurate. In addition, an annual verification of information about the devices would provide assurance that the inventories exist and are being used by CNSC staff.

IMTD informed the OAE that the responsibility for the management of the devices has been transferred to Shared Services Canada as of April 1, 2012. Therefore, no

recommendations are warranted to IMTD with respect to these findings. Nevertheless, the OAE is making the following recommendation for IMTD consideration.

***Recommendation # 3***

The Director, Client Services Division, should ensure that a periodic inventory count and reconciliation between the inventory listing and the invoices provided by the service providers are done regularly.

***Management response and action plan***

Recognizing that IMTD is no longer responsible as a result of the transfer of devices to SSC, IMTD will continue to work with SSC to ensure adequate inventory processes and procedures are in place.

**Inventory count**

The audit conducted a full inventory count of all devices held in the CNSC inventory. During the count, the following issues were noted:

- Multiple devices (i.e., more than one BlackBerry) were assigned to an employee. The employee then lent the devices to a contractor. IMTD indicated that this was a CNSC management decision. In addition, contractors can also be issued CNSC devices for work purposes with Director approval. However, as CNSC employees must adhere to several policies regarding the use of the devices, they have no control over the contractor's use of the device, thereby putting the employee, to whom the device was assigned, at risk of not following the policy.
- IMTD discovered that two wireless broadband modems were missing. The service associated to these devices was promptly cancelled by IMTD, rendering the missing devices useless.
- Employees who were assigned calling cards plus a BlackBerry were unaware of the cost savings of using the calling cards for long-distance phone calls. Therefore, the CNSC might be incurring unnecessary costs for long-distance calls.
- Individual managers are permitted, with Director General's approval, to assign a device to their staff if their budget permits. IMTD indicated that this was a CNSC management decision. During the audit, the responsibility for the devices was transferred by the Government to Shared Services Canada (SSC).

***Recommendation # 4***

The Director, Client Services Division, should ensure that the inventory list of devices is updated regularly to ensure that the information on the list is up to date, complete and accurate.

***Management response and action plan***

Recognizing that IMTD is no longer responsible as a result of the transfer of devices to SSC, IMTD will continue to work with SSC to ensure adequate inventory processes and procedures are in place. Mobile devices will be validated at least once a year to ensure the list of devices is kept up to date and accurate and old or defective devices will be disposed of semi-annually to ensure proper control of assets.

### **3. Conclusion**

The audit concludes that:

- the management processes and controls are adequate and effective and the inventory records are complete and accurate
- improvements in the process and systems needed for the implementation of the policy related to mobile telecommunication devices inventory are required, specifically in the areas of communicating and monitoring of policy issues

## Appendix A – Mobile Telecommunication Devices Inventory

Mobile telecommunication devices	Number of devices	Percentage of items located
Total number of wireless broadband modems	32	100%
Total number of BlackBerry devices	353	100%
Total number of cell phones	78	100%
Total number of calling cards	205	100%
Total number of tablets	3	100%
Total number of satellite phones	14	100%
Total number of devices	685	100%

## Appendix B – Detailed Audit Criteria

Criteria	Sub-criteria
1.0 The CNSC has a governance structure in place to ensure that mobile telecommunication devices are managed appropriately and that they comply with Government of Canada and CNSC policies.	1.1 There is a policy and/or guidelines developed for the management of mobile telecommunication devices.
	1.2 Roles and responsibilities are clearly defined and communicated.
2.0 Processes and systems are in place to record, track, monitor and safeguard the mobile telecommunication devices.	2.1 An asset tracking system is in place for mobile telecommunication devices.
	2.2 Assets and records of mobile telecommunication devices are periodically verified to ensure assets have not gone missing.
	2.3 Records and information are accurate and complete: Controls are in place to ensure the accuracy of records.
	2.4 Assets are protected: Access to assets and records are restricted to authorized individuals.
	2.5 Procedures are in place to preclude risks with respect to loss, misuse or theft of mobile telecommunication devices.

## Appendix C – Overview of Audit Recommendations and Management Action Plans

**1. Recommendation:** The Director General of IMTD should conduct a review of the existing policies, directives and procedures regarding mobile telecommunication devices to ensure that planning, acquisition, disposal and management of these devices are clearly stated and communicated to CNSC staff. Furthermore, appropriate compliance measures should be put in place to ensure that CNSC staff comply with the Policy and Directive requirements of the CNSC.

Unit responsible	Management response	Timeline
Planning and Coordination Division	The <i>Mobile Communications Devices Directive</i> was implemented in May 2010 and reflects our current practices and procedures. We will add a sentence explicitly detailing our disposal cycle. This Directive has been communicated to the Technical Support Centre and CNSC staff. As part of our ongoing communication and awareness agenda we will use <i>CSB &amp; You</i> along with other fora to remind staff of their responsibilities.	The Directive is scheduled to be updated this year to take into account the formation of Shared Services Canada; the specific sentence will be added at that time.  A <i>CSB &amp; You</i> article is to be published by August 2012.

**2. Recommendation:** The Director General of IMTD should explore the possibility of segregating the duties of recording and managing its mobile telecommunication devices.

Unit responsible	Management response	Timeline
Planning and Coordination Division	Acquisition and disposal are currently actioned by different staff within IMTD. However, management and assignment are the responsibility of one staff member along with a backup to ensure continuity of service. These assets are	

	validated at least once a year by another employee to ensure there are no issues. As a result of these mitigating measures, IMTD will continue its current practice. Management Committee will be informed of any issues that may arise.	
<b>3. Recommendation:</b> The Director, Client Services Division, should ensure that a periodic inventory count and reconciliation between the inventory listing and the invoices provided by the service providers are done regularly.		
Unit responsible	Management response	Timeline
Shared Services Canada (SSC)	Recognizing that IMTD is no longer responsible as a result of the transfer of devices to SSC, IMTD will continue to work with SSC to ensure adequate inventory processes and procedures are in place.	N/A
<b>4. Recommendation:</b> The Director, Client Services Division, should ensure that the list of devices is updated regularly to ensure that the information on the list is up to date, complete and accurate.		
Unit responsible	Management response	Timeline
Planning and Coordination Division	Recognizing that IMTD is no longer responsible as a result of the transfer of devices to SSC, IMTD will continue to work with SSC to ensure adequate inventory processes and procedures are in place. Mobile devices will be validated at least once a year to ensure the list of devices is kept up to date and accurate and old or defective devices will be disposed of semi-annually to ensure proper control of assets.	Completed